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Foreign Trade Prospects

By W. G. Lodwick

Prospects for United States agricultural exports this year are fairly hopeful, with a possible increase of 10 percent above their 1953-54 value indicated. In fact, the increase may be slightly more, depending upon success of our surplus disposal programs. This would mean a second straight year of gradually rising exports. During the past year they improved by 4 percent over the postwar low level of $2.8 billion in 1952-53.

This situation is encouraging. It indicates that for the present the declining trend in agricultural exports has been reversed. By no means can healthier foreign markets be counted on to provide the total solution for our surplus problems -- but to the extent that our foreign markets hold steady or keep on improving, it will give that much strength to our total marketing position.

The most favorable export markets appear to be for cotton and tobacco. There should be some gains in exports of wheat, grain sorghums, barley, and rice, with exports of fats, oils, and oilseeds continuing in heavy volume. As for fruit, there should be some increase. For dairy and meat exports, as well as corn, not much change is in sight, although some plans are contemplated that may alter this picture.

Since 1950, U. S. agricultural exports more and more have had to stand on their own feet. In 1948-49, about 60 percent of our agricultural exports were paid for by our foreign aid programs. Last year, however, only 12 percent of our farm exports were paid for by aid programs. It speaks well for the improving foreign economic level that our overseas markets are holding up as well as they are.

Our agricultural exports are making slow, steady improvement. This past year's gain of 4 percent placed them at $2.9 billion. A gain of 10 percent more this year would put them up to $3.2 billion. We have every reason to aim at peacetime level somewhat above this figure.

Our own population is growing rapidly. As it expands, the home market should eventually provide at least some of the solution to our surplus problems. For the present, despite the growing self-sufficiency of many importing countries, there is actual foreign need for much of our production above domestic requirements. And we, in turn, need those foreign markets. The big question is how we can successfully distribute our excess production to the world's customers in view of existing hindrances to trade. It will be a real test of our trading abilities to see whether we can maintain a healthy volume of farm exports and do it in accordance with time-honored principles of doing business.

Prices for our agricultural exports in some cases have been out of line with competitive world prices. In this respect, Government action can be helpful -- but there is no Government substitute for a good salesman with an order book in his pocket. Nevertheless, through Government export programs, along with the flexible price support program, we are moving toward a more competitive price position.

As to the attractiveness of farm products offered, that is where agricultural producers and the trade can do the most. The Government cannot police the attractiveness of our agricultural exports, and there are few laws on our books that establish export quality standards. But the private agricultural trade can - and for its own self-interest should - become its own watchman. The level of future exports will depend on the quality and acceptability of the commodities that are offered to foreign buyers. Today's buyers are able to pick and choose.

The Department of Agriculture has no intention of entering the export trade. But there are various ways in which the Department can assist exporters. One of these services to agricultural trade is in foreign reporting and contact work. Through the facilities of the Department, American exporters are able to keep continuously in touch with developments in foreign field.

Foreign Agricultural Service Trade Information

The Foreign Agricultural Service receives communications from its overseas representatives at the rate of some 225 every working day. This information of foreign production, marketing, and trade situations is passed along to exporters and others needing it. Department marketing specialists are being sent on special foreign studies to look into sales opportunities, and their findings are reported similarly. Since September 1, U. S. Agricultural Attaches - who in recent years have been employees of the Department of State - once more are the employees of the Department of Agriculture. This means, for purposes of agricultural trade intelligence, commercial contacts, and general market development, a straight line of communication into some 40 foreign countries.

Also, the Government has its various export programs. These are programs that help export commodities under circumstances unfavorable to regular commercial marketing, such as dollar shortages in certain areas.

Other Government Assistance

The Government can work at persuading countries to lower their trade barriers, and is hard at work on this. It is discouraging for United States exporters to try to do business in a world where multiple prices, bilateral dealing, discriminatory quotas, and state trading have become the rule rather than the exception. In the long run, however, perhaps it will not be the Government's negotiations that help overcome these barriers as much as the Nation's success in offering products that meet foreign customers' specific needs and are attractive in price and quality. When we as a Nation learn to do a more effective job of marketing, many of the barriers that trouble us now will become of less consequence.

Biological Research Cuts Marketing Losses

By Dr. Charles E. Sando

Quality in farm products is a tremendous economic factor. It affects prices, sales, volume of marketings and, finally, the consumer's decision to buy or not buy a particular product. Quality in farm products also is an elusive thing. Present at time of harvest, it can be materially reduced during the time it takes a commodity to move through the marketing chain, from the farm gate to the retail store.

Many of these quality losses during marketing are of a biological nature - incipient diseases or infestations that will cause decay or other spoilage, chemical and physical changes caused by temperature, humidity and other factors during handling and processing, and insect damage, particularly during storage. If these losses can be controlled, millions of dollars will be saved for farmers, handlers and consumers, and thousands of acres of productive land will be available for growing additional food to feed our increasing population.

For a number of years the U. S. Department of Agriculture has conducted research aimed at the reduction of these losses in food products. In the reorganization of the Department, widely-scattered, biological research groups which had been working independently on marketing problems in many agencies were brought together in a single Branch. This is the Biological Sciences Branch of the Agricultural Marketing Service, which now has prime responsibility for this type of marketing research.

How The Branch Operates

Work of the Biological Sciences Branch is conducted in laboratories in the Department, at the Beltsville, Md., Agricultural Research Center and throughout the country. The programs of the Branch are closely coordinated with related economic and engineering programs in AMS, the Agricultural Research Service, and other Federal and State agencies.

Research projects often are carried out to meet particular problems of commercial marketing organizations who are responsible for protecting and maintaining the high quality of farm products until they reach the consumer. Almost all of these problems are related to one of the three programs that the Branch is carrying out. One of these is directed at quality maintenance and improvement - determining the nature, cause, and extent of quality changes that take place in agricultural products during handling, transportation and storage and developing practical procedures to prevent undesirable changes and to promote maintenance of optimum

quality during marketing. Another program is the objective evaluation of the quality of products as an aid to standardization, grading, and other quality indicating programs of the Department. The third program is directed at the control of insects that infest crops after harvest.

Quality Maintenance and Improvement

This Section conducts research on agricultural products to determine quality changes that take place during marketing and develops methods of preventing undesirable changes and promoting desirable ones.

Plant pathologists study diseases causing decay, spotting, discoloration, and other types of spoilage in fruits and vegetables. Handbooks have been prepared describing and illustrating most of the important diseases that occur in storage, transit and handling and giving information on their control.

Physiologists, horticulturists, and engineers study temperature, humidity, and atmosphere composition requirements of fruits and vegetables in storage and in transit and chemical and physical changes that lead to ripening and eventually to deterioration. Some recent results of this type of research have been the improved methods of refrigerating transcontinental rail shipments of tomatoes to provide better protection and improved ripening and the use of ethylene gas to speed tomato ripening.

Horticulturists and physiologists also conduct research on grading, washing, drying and packaging of fruits and vegetables to determine the causes of mechanical damage by grading and packing machinery and ways to prevent such injuries. Packaging materials and types of packages are studied to determine their protective qualities, such as permeability to gases and water vapor, and the effects of these materials on moisture loss and life processes of packed products. An example of this latter work was the recently announced discovery that certain plastic film liners for apple and pear storage boxes would prolong the storage and shelf life, and better maintain quality during storage, of these products.

Field Work Important

Headquarters of this Section are at the Beltsville Research Center. There are 7 field stations and 2 market laboratories located in important production areas and market centers. The field stations and their principal lines of research work follow:

Fresno, Calif., handling, transportation, storage and diseases of deciduous fruits, vegetables, and other crops in California and neighboring States; Pomona, Calif., handling, transportation, and storage of citrus, dates and other subtropical fruits in the Southwest; Orlando, Fla., handling transportation, storage problems and diseases of vegetables, citrus and other subtropical fruits in Florida and neighboring States; East Grand Fork, Minn., potato harvesting, storage, grading, packing and transportation problems; Meridian, Miss., storage of sweetpotatoes; Harlingen, Tex., handling, storage, transportation, and diseases of citrus and vegetable crops; and Wenatchee, Wash., handling, transportation, stor-

age, packaging, and diseases of apples, pears, and other Northwest fruits and vegetables.

Market laboratories in Chicago and New York City do basic work on market diseases of fruits and vegetables and cooperate with the field stations in receiving and examing test shipments of produce.

Quality Evaluation

The principal function of this section is to develop ways and means of measuring objectively and precisely the factors that enter into the grade of a particular agricultural product. Farm products vary widely in quality, size, shape, color, flavor and palatability. While these factors are important in the assignment of a grade to a product, they cannot always be measured precisely by current commercial inspection practices. The Section is seeking ways and means to make this possible and to develop quality measuring methods, objective in nature, and which will minimize the element of human judgement.

Work of the Section is largely carried out on a commodity basis. Nearly all agricultural products are under study: fruits, vegetables, grain, seeds, eggs, poultry and livestock.

In the fruit and vegetable field, for example, the possibility of better evaluation of quality in tomatoes is being studied. Various photoelectric devices are being tested to see if they will measure tomato color and so measure differences in quality. This work is carried out under field conditions on tomatoes delivered to a processing plant. The results are correlated with the visual inspection of the licensed grader. Similar studies are concerned with the objective evaluation of sweet corn, sour cherries, and peas.

Sound and Electronic Measurements

Many possibilities exist for measurement of quality using ultransonic vibration and microwave. The first test of the applicability of beyond-hearing sound and microwaves is being made in an investigation of the internal quality of intact eggs. Electronic devices have been developed to detect "green-rot" (Pseudomonas) in intact eggs and to automatically separate contaminated and normal eggs. Another instrument detects the presence of blood spots in eggs. Both instruments are still in the laboratory stage.

In grain and oilseeds, promising results are being obtained in the application of radio-frequency energy for the measurement of moisture and oil content. A simple sedimentation test has been developed for wheat which indicates its baking quality.

Bacterial contamination plays an especially important role in measuring value of poultry and livestock products. Investigations are being made of sources of bacterial contamination in poultry processing plants and the effect of new commercial practices on quality. Studies are also under way to develop objective tests applicable to live animals that will reflect the quality and composition of the carcass.

Stored-Product Insects

This Section develops methods of preventing insect attacks on agricultural products while in the marketing channels. This involves the solution of problems during storage of raw food products and fibers, processing or manufacturing, warehousing and retailing of the finished commodity, and in each step of transportation. The program is also directed toward preventing the contamination of processed foods by living or dead insects or by residues of insecticides.

Recent changes in storage and marketing practices have increased insect problems and made expansion of research necessary. For example, with price support programs, there has been a change from a situation where most of a year's crop was consumed before the next crop was harvested to one where the equivalent of a normal year's production is held in storage. Portions of this carryover have been in storage for 3 to 5 years, often in inadequate structures where insect infestation can take a heavy toll if adequate precautions are not taken. Some grain from these reserves has entered trade channels and needs to be treated. Heretofore, treatment of grain in trade channels was a rare occurence.

Sanitation Research

A second change which has created a need for new research is the desire of the public for a higher level of quality in food products. This has been reflected in pure food laws which define the presence of insect fragments in food as filth. These concepts of sanitation have resulted in high standards. Even a small infestation constitutes a violation of present standards even though it often causes little actual destruction. Present emphasis in research is on prevention rather than control.

Preventive programs require the use of residual-type sprays in the storage, processing or warehouse structures, the direct application of sprays or dusts to raw food products, and the treatment of certain packaging materials. Careful studies are necessary in all of these uses to develop procedures under which no undesirable residues will remain. With many new insecticides now available, and more to come, there is little information available on their residual effects. That information must be found through research before the insecticides can be used.

Research is carried on at field stations of the Section on the following problems:

Savannah, Ga., insect resistant packaging, methods for control of insects in general warehouses, and methods for protection of fibers and fabrics; Moorestown, N. J., infestations of imported black pepper; Tifton, Ga., infestations of corn and corn products, under Southeastern conditions, and farmers' stock peanuts; Houston, Texas, infestations of rice, rice products and sorghum grain; Manhattan, Kans., infestations of wheat, corn, and small grains; Madison, Wisc., infestations of dairy products; Mesa, Ariz., methods of controlling the Khapra beetle; Fresno, Calif., infestation of dried fruits, dry beans and peas; and Richmond, Va., infestations of stored tobacco and tobacco products.

Better Market News For Fruits & Vegetables

By John L. Buntin

The average family touring our nation's highways probably wonders why large motor trucks are being encountered in ever increasing numbers. This increasing volume of motor truck transportation is rapidly becoming a problem in connection with Market News releases of the Agricultural Marketing Service, U. S. Department of Agriculture.

The Department's Fruit and Vegetable Market News Service was organized 30-odd years ago to obtain and disseminate timely movement and price information for the benefit of the fresh fruit and vegetable industry. The extreme perishability of most of its products causes that industry to probably require more current and complete information than any other in connection with its marketing operations. At present, there is a gap in the market news information available on movement of these products. Recent research, however, has shown that this hole can be plugged to a large extent and plans are underway to bring this about.

Advantages of Market News

There are a number of advantages to having a reliable and complete check on commodity movements. Such information enables producers and shippers to adjust their operations to seasonal and sectional production and marketing gluts and deficits; transportation agencies are able to anticipate general needs for transportation by areas and demand for refrigerated equipment by specific location. Package manufacturers can meet schedules more precisely and processors and handlers can better plan their operations. These more efficient operations throughout the produce and related industries should result in better returns to producers and more reasonable prices to consumers.

When fresh fruits and vegetables were transported largely by rail, market news releases provided complete and up-to-the-minute information concerning national shipments, directions of movement and quantities arriving at principal terminal markets, as well as daily volume on hand in those markets. However, in the early 30's motor trucks began to be used more and more to move fresh fruits and vegetables to market. At first this type of transportation was limited to relatively short hauls. However, by 1940 motor trucks were handling a substantial portion of this traffic in what is commonly termed "wholesale commercial channels." By this time, trucks had even encroached quite heavily upon rail movement of fresh fruits and vegetables to more distant markets.

The proportion moving via motor truck declined noticeably during World

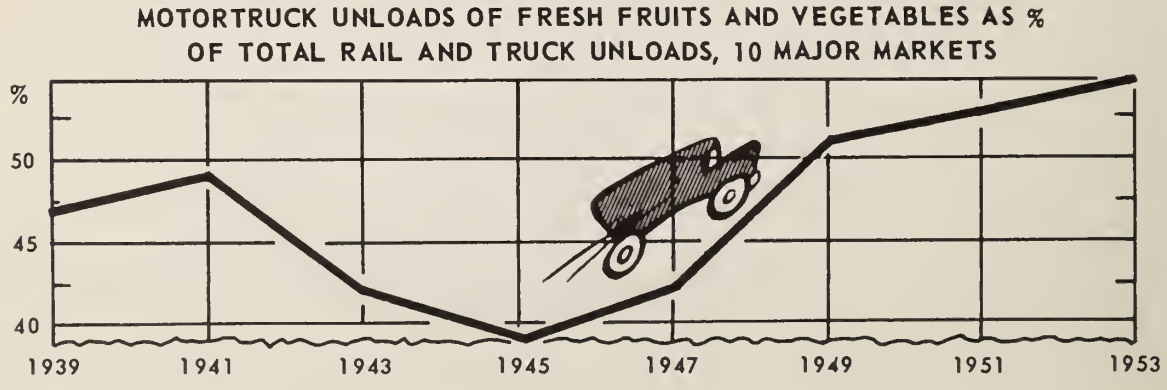
War II, with corresponding increases in quantity moving via rail. This was largely due to difficulty of replacing trucks or obtaining parts for strictly commercial motor truck operation.

After World War II the automotive industry again produced trucks extensively for commercial purposes. The movement of fresh fruits and vegetables by motor truck began to zoom again. The proportion moving via this type of transport increased rapidly from 1946 to 1949, when it gradually levelled off. Present indications are that motor truck movement of these products during 1954 will exceed 1953 very slightly. Best information now available provides a general estimate that at least half of the fresh fruits and vegetables moving in wholesale commercial channels go to market via motor truck. There are some reliable sources that believe this proportion is 55 to 60 percent.

The daily volume of truck receipts has been obtained regularly since 1939 in 10 markets. Figure 1 below outlines periodic comparative rail and truck unloads for these markets during the period 1939-53. These data clearly indicate the increase of rail and decline of truck movement during the World War II period, with the reverse noticeably apparent during post war years. The proportion moving via trucks during 1953 had increased to a point considerably beyond pre-war years. The chart outlines the average trend of motor truck unloads in 10 cities as related to the total unloads by truck and rail for these cities. This chart indicates that the changeover from rail to truck has become very gradual since 1949. Motor truck shipment reports for the States covered reflect the same trend.

Figure 1. Comparative rail and truck carlot unloads of fresh fruits and vegetables at ten important U. S. markets.

	1939		1943		1947		1953	
City	Rail	Truck	Rail	Truck	Rail	Truck	Rail	Truck
Atlanta	4550	13129	6384	10081	7945	16329	4963	21421
Boston	40185	14033	28615	10006	38118	7833	28815	19608
Chicago	69189	11815	59224	14790	74571	16722	58799	17732
Los Angeles	9506	69062	12362	56658	10366	73961	9958	96796
New Orleans	3915	4883	6412	4262	7307	4206	5413	5142
New York	95222	80503	97126	54640	117114	61265	83413	72836
Philadelphia	32450	36233	32948	23221	36023	27888	31765	34949
St. Louis	19585	4557	17306	4844	21475	5765	19151	6963
San Francisco	5103	17578	7663	16268	6060	16669	4017	18001
Washington	5910	2614	8054	4272	8492	5491	5603	8524
10-City Total	285615	254407	276094	199042	327471	236129	251897	301972



The Fruit and Vegetable Market News Service conducted a national survey during 1949 and 1950 to determine best workable methods for obtaining and releasing movement data on fresh fruits and vegetables transported by motor truck that would provide the industry with timely information comparable to that available for rail movement. This research showed that it would be practicable to obtain current shipment data on truck movements from certain areas. It also showed the impracticability of obtaining similar shipment data for other areas on a relative basis. To be more specific, it was found that methods could be developed for obtaining current shipment information for most so-called "long-haul" shipping areas, and that it was not practical to obtain and release current shipments as such from production areas relatively close to principal markets. In most of these latter areas the expense of collecting current data would be exhorbitant and the products would be sold in wholesale channels before shipment information could be assembled and disseminated. Generally speaking, this applies to production in Mid-Atlantic, Northeastern, and Mid-Western States. The survey also revealed that it would be practicable to obtain and release truck unloads in important markets on a current basis.

Reporting Methods Developed

As a result of this research, the Market News Service has developed methods for obtaining current reports of motor truck movements from Arizona, California, Florida and south Texas, as well as on certain commodities produced in other states; such as Georgia and South Carolina peaches, and potatoes from some of the heavier shipping areas. It is hoped to expand these current shipment reports to additional heavy shipping areas where a reasonable share moves "long-haul," and satisfactory methods for obtaining the information can be devised.

New Reporting System Planned

The Department has recommended a supplementary method of reporting fruit and vegetable movements which should provide information on that portion of the truck movement not included in these current market news releases. This new type of release would actually result in a new system of reports with respect to rail movement. It entails obtaining and releasing each day rail and truck arrivals by products and States of origin for at least 75 U. S. city markets. It is believed that arrivals for these 75 cities should represent at least 65 to 75 percent of the national movement of fruits and vegetables marketed in wholesale commercial channels.

Study of New System Recommended

Two or three years experience with this additional reporting system should enable the industry to determine more closely the trade reaction in connection with marketing these products as compared with present market news movement releases limited to rail shipments plus arrival and truck information for only 15 to 20 markets. Furthermore, the new information service will provide economists, statisticians, research analysts, and others concerned with the overall fruit and vegetable marketing problems with more basic information and a more complete picture of the situation from which to draw conclusions and make constructive recommendations.

Pre-peeled Potato Prospects

By William N. Garrott

How much of a market do potato producers have in the little-known, but widespread and expanding pre-peeled potato industry? What types of potatoes - variety, grade and size - does the commercial potato peeling industry want? Answers to these questions and other information indicating the importance of this market have been developed through a study made recently by the U. S. Department of Agriculture.

Commercial peeling of Irish potatoes dates back to 1931. Prior to World War II, the industry developed slowly with the many starts and failures characteristic of a new industry. It suffered a temporary setback during the war. But, with the return to a peace-time economy the industry experienced a rapid-growth and at present plants are located in virtually every large metropolitan area.

To obtain more information about the industry and its prospects, the Marketing Research and the Fruit and Vegetable Divisions of the Agricultural Marketing Service made a joint survey this year of all known potato peeling plants. Some results of the study follow:

Nearly 3.25 million bushels of potatoes were purchased by the industry during 1953, an increase from the 2 million bushels estimated to have been used the previous year. About 3.2 million bushels of 1953 purchases were peeled for sale in fresh form. The remainder went into potato chips, partially fried potatoes, canned potatoes, were sold unpeeled, or were carried over into 1954 as storage stocks.

Compared with the 245 million bushels of potatoes that entered the civilian food market in 1953 in fresh form or even the 29 million bushels that went into chips, the pre-peeled industry appears insignificant. But, compared with the 1.6 million bushels canned or the 5.6 million bushels exported in 1953, the industry assumes more importance. Indications are that the industry will continue to expand, particularly if there is less competition for existing customers and more development of new ones, and if problems now limiting retail sales can be licked.

The 3.2 million bushels of potatoes peeled last year yielded about 145 million pounds of finished product, indicating a preparation loss in waste and shrinkage averaging about 25 percent as compared with estimated losses in restaurants from abrasive and hand peeling of 40 to 50 percent.

The survey covered 118 commercial peeling plants located in 32 States and the District of Columbia. These plants, some of which are operated in conjunction with other businesses, such as general produce, potato chips,

and partially fried potatoes, were located near large metropolitan areas. Many operators feel that to insure success a plant must be located in or near a population center of at least 100,000 persons.

Begun as a service to hotels and restaurants, which still account for the major portion of sales, pre-peeled potatoes also are being sold to hospitals, other institutional users, including some sales to the armed forces and Veterans facilities, and to drive-ins and amusement park concessions. Of 16 operators who have produced a retail package of pre-peeled potatoes 5 are still doing so. So far this outlet represents only a minor part of total output, but it is still the most optimistic possibility for a large increase in sales.

Types of Potatoes Wanted

Plant operators have definite likes and dislikes for grade, size and varieties of potatoes. Generally, they all prefer large potatoes, uniformly shaped, with shallow eyes and relatively free from bruises, blemishes and decay. In the round varieties, peelers want potatoes with a minimum diameter of 3 inches and in long varieties, a minimum weight of 6 to 8 ounces. Peelers also pay attention to grade, many buying U. S. No. 1's in large round potatoes and No. 1's, 2's, and utility grade in long whites. Some operators do purchase commercial and even field run. They want potatoes which are large in size and without deep eyes.

Price was a relatively important factor in potato selection. Generally, peelers were interested in the "best buy" they can obtain, but some insisted on potatoes from certain producing areas in the interest of maintaining a uniform product. They also were interested in buying pre-sized potatoes and where this was not possible, 52 plants did their own sizing. Potatoes not suitable for peeling were sold in bulk, in consumer packages or, in a few instances, were peeled for boilers or creamers.

Almost two-thirds of the peelers used a simple test to insure the quality of their product. They took a sample of the potatoes they were interested in buying, peeled them, cut them and fried them and determined by taste and appearance if they were suitable. About one-half of the plants conditioned their potatoes for proper sugar and starch ratio before they peeled them.

Peeling Methods

The abrasive method of peeling was the most widely used, probably because it required the smallest investment in machinery and was the simplest in operation. Many larger operators used the caustic method of peeling because of the greater volume that could be handled and the elimination of hand labor in trimming since it was more effective in removing skin from the eyes of potatoes. A few peelers used high-pressure steam which, like the caustic process, has the disadvantage of cooking the outer surface of the potato if not closely controlled, but has the advantage of removing skin from eyes and irregular surfaces. (Details of peeling methods and prevention of discoloration in pre-peeled potatoes were given in an article in the September 1953 issue of MARKETING ACTIVITIES. Albert E.

Mercker, Marketing Specialist, F & V Division, AMS, who was author of that article also assisted in the survey discussed here.)

Most plants produced more than one style of finished product. French fry sticks and crinkle cut slices, the most important styles, accounted for about 85 percent of the total output. Most plants also peeled whole potatoes for boiling, mashing or hash browning. A few plants produced sliced peeled potatoes for hash browning and others cut some of their peeled potatoes into cubes for salads, canning or stews.

Twelve different size packages, ranging from a 12-ounce retail to a 60-pound institutional pack were in use. The 30-pound pack was the most popular. Of 9 basic types of containers in use, the most used was a two-ply kraft bag with an impervious polyethylene liner. Next in popularity was a kraft double wet strength bag with a wax liner, followed by a kraft bag with a wet strength kraft inner liner.

Wide variations in peeling losses were reported by operators. Factors such as skill and experience of the operator, types of equipment used, type and quality of potatoes peeled, and style of finished product had a bearing on these losses. Generally, caustic peelers showed less loss than abrasive types. Operators using the former reported peeling losses from as low as 5 to as high as 27.5 percent. Abrasive peeler users reported losses ranging from 10 to 48 percent. By far the most important factor affecting peeling loss, however, was the quality and condition of the potatoes. Most operators agreed that to minimize losses a fairly uniformly shaped, large-sized potato of good quality and in good condition was the most desirable.

Waste No Problem

None of the plant operators interviewed found the disposal of peeling wastes a particular problem. All seemed interested in producing a byproduct from the waste if it would add to their income. Additional income or reducing removal cost seemed to be their only interest.

All except 5 of the plants surveyed provided delivery service. Frequency of delivery varied from as often as needed to twice weekly. However, 93 of the 118 plants delivered daily except Sunday. Of the plants providing delivery, 76 did not use refrigerated trucks. The others used either refrigeration or insulation to protect their products during delivery. Plants not providing refrigeration delivery said that their hauls were short and service was rapid enough to make it unnecessary.

Cost of the potatoes in most cases represented the major cost of peeling them. Most peelers tended to charge a specified margin in cents per pound for the peeling operation to cover processing costs and waste. These margins or peeling charges ranged from a low of 3 cents to a high of 6 cents per pound. Most peelers said they used relatively stable prices as a selling point in obtaining customers. A majority reported that where competition existed they usually were forced to meet it. Of these, 26 said that they made price discounts for quantity purchases.

NAMO Annual Meeting

Over the past several years, MARKETING ACTIVITIES has reported the annual meetings of the Atlantic States Division of the National Association of Marketing Officials which were held at the U. S. Department of Agriculture. Now, for the first time for a number of years, it has become possible to report on the annual meeting of the National Association. Because of the length of the meeting and the number of subjects of interest to marketing groups, this report has been divided into two sections. Events of the first two days of the meeting are covered in the article below. A report on the two concluding days of the meeting will appear in the next issue of MARKETING ACTIVITIES....The Editor

The 35th Annual Meeting of the National Association of Marketing Officials was held October 18-21, 1954 at Purdue University with members of the NAMO Executive Committee from 26 States present. Close to 60 marketing men from State bureaus, and other agencies, colleges, private industry, and the U. S. Department of Agriculture attended the meeting.

Those present felt that the meeting accomplished much through a series of panel discussions of pressing problems in agricultural marketing and addresses by recognized leaders in the fields of transportation, economics, research, marketing service work, and foreign trade. Most of those present participated in the discussion periods where individual and joint state marketing problems and causes came in for careful consideration and, in a few instances, for some well-meant criticism.

Outstanding Sessions

While it would be hard to select any particular highlight of the meeting, several of the sessions were outstanding. Not in order of importance, but more or less chronologically, they were:

The panel and discussion on regulation of transportation of agricultural commodities and products, in which farm organization, railroad and trucking representatives and others present participated.

The stirring address of Director H. J. Reed of the Purdue Agricultural Experiment Station on what the United States is going to have to do to retain and regain its foreign markets for farm products, particularly in South America.

The talk of Mr. C. W. Kitchen, Vice-President, United Fresh Fruit and Vegetable Association, on the "new look" in marketing, processing and packaging and the extensive discussion period which followed.

And, the final panel discussion which led off with a talk by W. C. Crow, Director, Marketing and Facilities Branch, Agricultural Marketing Service, USDA, on ways and means of cutting distribution costs.

After registration the morning of October 18, those attending the meeting were welcomed to Purdue by Dr. Frank Hoekema, vice-president of the University. This was followed by an address by W. L. Cathey, NAMO President and Chief of the Bureau of Markets of Georgia. Other business of the opening day was confined to reports from the standing committees of the marketing association.

A resume of the meeting, with the discussion panels and addresses given in chronological order, follows:

Farm Product Transportation

Opening a panel on regulation of transportation of farm commodities, Lloyd C. Halvorson, Economist with the National Grange, warned that the exemption of agricultural transportation by motortruck from Interstate Commerce Commission regulation is in jeopardy through ICC efforts to ban trip leasing of agricultural trucks for return haul loads. He urged the marketing men to be continually ready to protect the exemption, explaining that "today, we know that the cost of truck transportation of farm commodities is 10 to 15 percent less than it would be if they were under the regulation of the Interstate Commerce Commission."

Mr. Halvorson stressed that because of the seasonality, perishability, and fluctuating nature of farm products, flexibility in their transportation is necessary. In a sense, he said, the "agricultural exemption" is to farmers what private transportation is to business people. He added that while the original ICC trip leasing order has been modified, it still is unsatisfactory and will adversely affect agricultural shipments.

Robert S. Henry, Vice-President, Association of American Railroads, explained that producers, marketing men and transportation agencies are "partners in the essential enterprise of feeding and supplying the American people." He contended that the time has come when the "rigidly regulated "railroads should be allowed great flexibility in the adjustment of their rates, downwards as well as up, to meet changing and competitive conditions and should be relieved of "onerous requirements" of continuing to operate services the public has ceased to use.

"Without this greater freedom to compete," he declared, "we face the prospect of impoverished railroads, inadequate railroads unable to take advantage of technological progress and unable to make improvements in equipment, plant, and methods. That inability in turn would mean poorer service at higher costs than are necessary."

Pointing out that the railroads receive less than $1\frac{1}{2}$ cents for moving an average ton of freight one mile, Mr. Henry added that railroads supply the high volume, low cost mass transportation upon which the American system of agricultural and industrial production is built.

Harry E. Boot, Counsel, American Trucking Associations, Inc., cited a study of all the States and District of Columbia to make the point that "states are much stricter in connection with the transportation of agricultural products intrastate than the Interstate Commerce Commission is

with respect to interstate operation. He pointed out that his association fought the trip leasing prohibition through the United States Supreme Court, but after the Court's unfavorable opinion has not taken further active part in the matter.

Tracing the recent history of the return-trip leasing ban, Mr. Boot said that under the final action of ICC, trucks hauling so called "exempt commodities" which are farmer or cooperative owned and operated or which are transporting processed but unmanufactured agricultural commodities, "for all practical purposes" are not affected by the trip leasing prohibition and authorized carriers may use these facilities almost as freely as they did before the leasing rules were written.

He urged those present to examine and support his association's nine point tax program for motor trucks, explaining that it was as much to the interest of farm groups as to the for-hire truck industry.

In the discussion which followed most of the comments and questions had to do with State laws regulating maximum weight of motortrucks and the uniformity of state regulation of motor carriers.

Foreign Trade

H. J. Reed, Director, Purdue Agricultural Experiment Station, drew on his recent experience as a member of an agricultural trade mission to South America, to explain that some countries there want our farm surpluses; "but if we are going to sell them we will have to get on a competitive basis--in price, credit and quality--with other supplying countries.

"The United States has the production from 50 million acres to export," he said. "If we could export this part of our production we would have no surpluses. It is important that this job be done and done through normal channels of trade. State trading is socialistic.

Must Buy To Sell

"If we are going to sell our farm products, we are going to have to buy from the countries we sell to. There is a dollar shortage over all the world. Our farm product prices are too high. The United States is serving as a residual supplier for import countries. If these countries cannot get their supplies anywhere else they come to us."

U. S. Losing Sales Abroad

Dean Reed cited the loss of a sale of 300,000 metric tons of wheat to Brazil "because of the number of U. S. government agencies involved in the transaction" and the lack of an agreement on credit. "South American countries," he said, "don't believe that it is worth the trouble they have to go through to buy from the U. S. Other Governments are willing to insure credit for foreign sales and are selling for less, and on terms that we don't give. In an important thing as international trade in agricultural commodities we are on a cash on delivery basis where others are giving terms."

Dean Reed told of another case where Mexico wanted 500,000 metric tons of corn for stockpile purposes and for which the U. S. lost the sale.

"If we could get on a competitive basis we could sell our products," he said, "We have got to find a way to overcome our losses in foreign trade. We are throwing away an opportunity in South America - one-hundred million dollars worth of business. The demand is there and we have the stuff. We need an aggressive, realistic program to get rid of these products. Our present program won't do it. We have got to be competitive in price, give credit, give quality, guarantee satisfaction, and do this through normal channels of trade."

Sees Improvement

In the discussion which followed there was considerable interest in which Government agencies were interested in farm exports. Dean Reed said that the new Foreign Agricultural Service, USDA is "making some dents" in this field. He added that, with the agricultural attaches again in the Department of Agriculture, "we should be able to expect some improvement."

New Hog Grading Program

A panel discussion of shipping point grading of hogs in the midwest was opened by Ed Miller, Animal Husbandry Department, Purdue University, who outlined the history of the program which is designed to encourage production of "meat" type hogs through premium payments for such animals. The speaker stressed that all segments of the hog industry - producers, marketing agencies and processors must be interested to make such a program work and meet present consumer demand for lean pork.

Joe Judge, with the Producers Marketing Association, Indianapolis, outlined the objectives of the program as: (1) to do a superior job of merchandising the farmers product; (2) to encourage the production of a product demanded by consumers; (3) to develop a meat type hog that will do good in the feed lot; and (4) provide a fairer distribution of income from hogs; - "reward the man producing what the consumer wants."

Program Problems

H. M. Newell, Swift and Company, Chicago, cited some of the problems in the program. He said that grading meat animals is different from grading fruit - that the consumer doesn't care about the grade of hogs that go into sausage, bacon and other prepared pork products - and this is the use of about 30 percent of all hogs. Another difficulty in making full use of these graded hogs, he explained, is that a carload of them, when killed and cut out, will give pork loins, all looking alike, but about 20 percent of which turn out fatty meat. He said a similar situation exists with respect to hams - and this cannot be told until they are cut.

In the discussion, Mr. Miller described the shipping point grading program and the degree of accuracy that is possible under it in grading for meat type hogs. He contended that farmers that produce a superior product should be rewarded for it.

ABOUT MARKETING

The following publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach and mail to the Agricultural Marketing Service, U. S. Department of Agriculture, Washington 25, D. C.

Publications:

A Chronology of the Department of Agriculture's Food Policies and Related Programs, January 1952 to December 1953. 89 pp.

Regional Trends in Livestock Numbers. Statistical Bulletin No. 146. 64 pp.

Trends in Farm and Rural Incomes and Their Distribution. Paper presented by Ernest W. Grove at the first session of Division III, National Conference on Rural Education, Washington, D. C., October 4, 1954. 8 pp.

The Use of Health Services by Rural People in Four Mississippi Counties. Sociology and Rural Life, Series No. 5, March 1954. Mississippi State College, Agricultural Experiment Station, and USDA cooperating. 128 pp.

Citrus Fruits: Production, Farm Disposition, Value, and Utilization of Sales, Crop Seasons 1952-53 and 1953-54. 7 pp.

Crops and Markets, 1954 Edition, Volume 31. 128 pp.

Changing Patterns of Milk Consumption in Memphis, Tenn. Marketing Research Report No. 69. 77 pp.

The Commercial Storage of Fruits, Vegetables, and Florist and Nursery Stocks. Agricultural Handbook No. 66, (Supersedes Circular No. 278), September 1954. 77 pp.

Dairy Marketing Research Reports. A selected list prepared by the Dairy Section, Market Organization and Costs Branch, Marketing Research Division. October 1954. 10 pp.

The Farmer's Share of the Consumer's Food Dollar. Leaflet No. 123.

Meat Purchases and Preferences in Hawaii. Agricultural Economics Bulletin 8. University of Hawaii, College of Agriculture, Hawaii Agricultural Experiment Station in cooperation with Agricultural Experiment Stations of the Western States and the Agricultural Marketing Service, USDA. 40 pp. (Supply Limited.)

Variations in Cotton Bale Weights with Application to Lightweight and Overweight Bales. Prepared in Fibers Section, Market Organization and Costs Branch. Collection of original data made possible by cooperation of field representatives of Cotton Division, AMS, and ginners. October 1954. 10 pp.

Availability and Display of Frozen Foods in Retail Stores in Washington, D. C. Marketing Research Report No. 73. 30 pp.

Lengthening the Shelf Life of Packaged Cole Slaw. Volume 8, Number 1, September, 1954. (Reprinted with permission of Pre-Pack-Age, by the AMS, USDA, September, 1954.)

Fiber and Spinning Test Results for Some Varieties of Cotton Grown by Selected Cotton Improvement Groups, Crop of 1954 (Supplement No. 2). 14 pp.

Fiber and Spinning Test Results for Some Varieties of Cotton Grown by Selected Cotton Improvement Groups, Crop of 1954 (Supplement No. 3). 20 pp.

United States Standards for Grades of Canned Orange Juice, Effective October 19, 1954. (Superseding standards that have been in effect since July 29, 1949.) 7 pp.

United States Standards for Grades of Canned Grapefruit Juice, Effective October 19, 1954. (Superseding standards that have been in effect since July 29, 1949.) 9 pp.

United States Standards for Grades of Canned Blended Grapefruit Juice and Orange Juice, Effective October 19, 1954. (Superseding standards that have been in effect since July 29, 1949.) 9 pp.

Potato Marketing Agreements Under Federal Legislation. 11 pp.

Agricultural Outlook Charts 1955. 88 pp.

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